

**MINUTES of the  
DELAWARE ECONOMIC & FINANCIAL ADVISORY COUNCIL**

**Buena Vista – March 19, 2018**

**Attendance:**

<b>Member</b>	<b>Present</b>
N. Batta	Yes
C. Bo	Yes
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
C. Cade	No
J. Casey	No
J. Cohan	No
N. Cook	Yes
F. Dixon	No
B. Fasy	Yes
R. Geisenberger	Yes
R. Glen	Yes
G. Hindes	Yes
J. Horty	No
M. Houghton	Yes

<b>Member</b>	<b>Present</b>
M. Jackson	Yes
J. J. Johnson	Yes
K. Lewis	Yes
A. Lubin	Yes
G. Marcozzi	No
I. McConnel	No
C. Morgan	No
M. Morton	No
J. Polidori	Yes
E. Ratledge	Yes
T. Shopa	Yes
D. Short	Yes
K. Simpler	No
G. Simpson	No
D. Swayze	Yes

**Members in Attendance: 20**

**Members Absent: 11**

**Others Present:** A. Aka, J. Cole, D. Craik, B. Doolittle, C. Engelsiepen, R. Goldsmith, K. Hackett, M. Hopkins, J. Hudson, A. Jenkins, J. Johnstone, M. Kim, K. Knight, E. Lewis, B. Mayrack, R. Morris, B. Motyl, R. Nathan, J. Nauman, B. Osborne, A. Penney, D. Roose, S. Scola and members of the press.

**Opening Business:** Mr. Houghton called the meeting to order at 1:30 p.m.

The minutes from the December meeting were approved as submitted.

**Expenditure Forecasts:**

Mr. Ratledge and Mr. Jackson presented the General Fund Expenditure forecasts.

Reviewing the Balance Sheet estimate, Mr. Ratledge said that total FY 2018 authorized expenditure stands at \$4,322.8 million. He noted an increase in the Reversions estimate from \$10.0 in December to \$15.0 million and mentioned that the Encumbered estimate was unchanged while the Continuing estimate rose by \$4.0 million to \$101.6 million. Mr. Ratledge added that the proposed expenditure estimate of \$4,163.2 represented 96.3% of authorized expenditure.

Mr. Jackson said that the proposed expenditure estimate is \$9.0 million lower than in December and attributed the decrease to several factors: a lower estimate for Salaries due to the fact that payroll for the school districts were still unknown back in December; a conservative estimate in December of new hiring in the Department of Corrections; and an increase in the Reversions estimate on the back of lower-than-anticipated energy expenditure.

Mr. Ratledge also reviewed the Functional method. Comparing FY 2017 values to March's estimates, he indicated that Salaries, Fringe Benefits and Pension were up 2.4%, 2.0% and 3.6% respectively. Mr. Jackson said that the State's pension fund was spread into multiple programs. He noted that the "Other" category was \$21.5 million lower than in FY 2017 as post-retirement increases enacted by the General Assembly are amortized over a 5-year period and FY 2018 budget represents the end of the 5-year period from the last time a post-retirement increase occurred. Mr. Jackson explained that the increase in the "Contribution" component is driven by investment returns over the last five years, while the increase in retirees' Health Care expenditure is due to tracking changes.

Mr. Ratledge noted that several expenditure components are expected to decline from their FY 2017 values. Mr. Jackson explained that the declines are not unexpected since total FY 2018 budget included almost \$200.0 million of reductions. (See Table 1a, Table 1b and Table 1c for complete details).

A motion was made, seconded and approved to accept \$4,163.2 million as the Expenditure estimate for FY 2018. The estimate represents an increase of \$57.1 million from FY 2017 and a decrease of \$9.0 million from the December estimate.

**Revenue Forecasts:**

Mr. Lewis, Mr. Glen, Mr. Knight, Mr. Johnstone and Mr. Roose presented the General Fund Revenue forecasts.

**Economic Outlook**

Mr. Aka presented economic forecasts for the U.S. (produced by IHS Markit ("IHS")) and Delaware (developed by the Department of Finance (DOF)). He indicated that the outlook for the U.S. economy has improved since December due to the incorporation of federal fiscal stimuli (i.e., the Tax Cuts and Jobs Act and the Bipartisan Budget Act of 2018) into the IHS March baseline outlook. Together the fiscal stimuli are expected to add about 0.5% to GDP in CY 2018, 0.4% in 2019 and 0.3% in 2020. Relative to December, these changes have led to higher real GDP, employment, and wages and salaries growth forecasts.

Mr. Aka also said Delaware's slow but steady economic performance continues. He explained that changes in economic forecasts can be traced to the release of third quarter data as well as revisions to second quarter figures. As a result employment growth is now expected at 0.8% in FY 2018 (down from 1.1% in December) and 1.9% in FY 2019 (up from 1.5% in December). Over the medium term Delaware's employment and components of personal income are expected to be in line with national trends.

In response to a question from Mr. Houhgtton, Mr. Aka explained why Delaware's forecasts are usually outstripped by the nation's. Mr. Ratledge expressed doubts about the sharp acceleration in the State's employment growth in FY 2019. Mr. Aka replied that Delaware's model is based on the nation's, which is showing an jump in the series due to impact of fiscal stimuli.

In reponse to a question from Mr. Swayze, Mr. Aka said that the Delaware Department of Labor (DeDOL) does have long term employment projections for the State but doubted that DeDOL had self-generated data for hiring decisions. Mr. Houghton mentioned that Department of Finance (DOF) has made use of the IHS forecasts for a long time and noted that their CY 2019 growth forecast was skewed to the higher end of consensus. Mr. Aka agreed but also said that IHS' forecasts tend to be correct after the fact.

Mr. Swayze asked whether other state agencies make use of the DEFAC employment growth estimates in their policy or hiring decisions. Mr. Geisenberger answered that the budget process dictates such decisions. Rep. Johnson said that DeDOL provides the General Assembly with reports that describe prior month's employment in the State. He added that the reports do not show any projections.

**General Fund Revenues - Fiscal Year 2018:****Impact of the Tax Cuts and Jobs Act on Delaware's Revenues:**

Mr. Roose made a presentation on the impact of the Tax Cuts and Jobs Act (TCJA) on the State's revenues. He described the major provisions of the bill that will flow through to

Delaware's personal income and corporate income tax. One such provision is the limitation to itemized deductions which will affect many taxpayers and are expected to show up largely in FY 2019 and FY 2020 revenues. Another is the disallowance of excess Pass-Through Entities (PTE) losses which will affect individual income taxes as PTEs are no longer allowed to deduct losses in excess of \$500,000. Mr. Roose said that provisions that affect businesses (not individuals) include bonus depreciation, simplified accounting for small businesses and Section 179 expensing, all of which are expected to cause revenue losses over the next two years.

Mr. Roose said that the impact of Section 179 expensing and bonus depreciation will turn positive in the out years. He mentioned that the State's revenue is expected to jump by approximately \$100 million by FY 2023, adding that there are lots of risks and uncertainties surrounding the estimate.

Mr. Roose explained the issue of deemed repatriation of foreign income. He said that repatriation will only have an indirect impact on the State's revenue via dividends and capital gains. He also mentioned that there is a substantial upside risk for Delaware's revenues which has not been included in the revenue estimates, given substantial uncertainty about timing and magnitude. Finally Mr. Roose described uncertainties regarding taxpayers' behaviors and revenue estimates, and explained why CY 2020 represents the first year of normal payment pattern under the bill.

Speaking from his practical experience Mr. Shopa said that January and February saw lots of discussions with business owners about entity selection. He concluded from such discussions that C-entities were still best if the goal is to retain funds within the entity. However if one plans on pooling profits out then partnerships and S-corporations are the best vehicles. Mr. Shopa said that the IRS has thus far provided limited guidance: they have only addressed the deductions for state and local taxes and the income tax component of pre-payments.

Mr. Shopa said that limitation on itemized deductions is hurting states like New York, California, Connecticut and New Jersey. He mentioned that the average state and local income tax deducted in New York is around \$22,000 per taxpayer. Looking for ways to work around the issue some states have proposed credits for charitable deductions to local public charities while others are planning to modify the employment tax.

Speaking of the impact of the TCJA on Delaware's revenues, Mr. Geisenberger described the direction of the estimates as accurate but said that the order of magnitude might not because of such things as data limitations. Mr. Shopa said that if the TCJA were to be detrimental to the State's revenue, officials might want to consider decoupling from the Federal government in a few areas to resolve the issue.

The Revenue Subcommittee recommended the following updates to December's estimates:

Revenue Category	Dec-17	Mar-18	Change
Personal Income Tax	1,609.9	1,645.2	35.3
Abandoned Property Refunds	(85.0)	(50.0)	35.0
Corporation Income Tax	146.4	130.9	(15.5)
PIT Refunds	(225.2)	(236.0)	(10.8)
Franchise Tax	830.9	839.9	9.0
Realty Transfer Tax	142.0	137.0	(5.0)
CIT Refunds	(70.0)	(74.0)	(4.0)
Cigarette Taxes	122.0	126.0	4.0
Hospital Board and Treatment	39.7	37.7	(2.0)
Alcoholic Beverage Tax	23.0	24.6	1.6
Corporate Fees	113.0	114.5	1.5
Other Revenues	84.8	83.4	(1.4)
Public Utility Tax	43.0	42.0	(1.0)
Bank Franchise Tax	88.3	87.7	(0.6)

For a complete listing of FY 2017 estimates, see Table 2.

#### Discussion of FY 2018 Estimates:

**PIT Less Refunds:** Mr. Roose recommended an increase in the estimate by \$24.5 million.

Mr. Roose explained that despite slightly decelerating employment growth Withholding has been strong year-to-date, owing to a strong stock market that has led to a good bonus season. Mr. Roose added that even after accounting for a timing issue Withholding growth was still robust. As a result, Mr. Roose recommended an increase in the Withholding estimate by \$9.2 million.

Mr. Roose also recommended an increase in Estimated payments by \$25.1 million. He said that payments were running well ahead of expectations, partly due to the strong growth in the stock market, but also due to the limitation of the deduction for state and local taxes in the TCJA beginning in tax year 2018. Overall, estimated payments were up 23.7% year-to-date, a rise that is entirely due to surging fourth-quarter payments. Mr. Roose said a fourth-quarter surge was posted in many other U.S. states. Out of the \$25.1 million increase in Estimated payments, Mr. Roose said that \$10.8 million are related to this timing issue. Consequently the increase in the base in the out-years is only about \$15 million, and the Refunds estimate has been increased by \$10.8 million.

**Corporate Franchise Tax:** Mr. Knight recommended a \$9.0 million increase in the estimate.

Mr Knight said that the maximum tax base for Tier I and Tier II class of payers is doing better-than-expected.

**Business Entity Fees:** Mr. Knight recommended a \$1.5 million increase in the estimate.

Mr. Knight said strong growth in corporations and LLCs and their resulting activities are behind the increase.

**Abandoned Property Less Refunds:** Mr. Johnstone recommended an increase in the estimate by \$50.0 million over the next two years.

Mr. Johnstone explained that Refunds/Claims estimate has decreased in FY 2018 due to the implementation of a new, rigorous approval process in light of well-publicized national and international data breaches. In-year claims have thus slowed significantly but they are expected to rebound in the out years as the ongoing backlogs are cleared. Mr. Johnstone has previously mentioned during the Revenue Subcommittee meeting an epilogue language in last year's budget affecting the cap on Abandoned Property.

Mr. Geisenberger introduced Ms. Brenda Mayrack as the new State Escheator.

Mr. Houghton asked for Ms. Mayrack's perspective on the new refund trajectory. Ms. Mayrack said that Delaware, like every other State, has been made aware by law enforcement of improvements that can be made to the refund process, particularly for foreign claims, to better combat fraud and identity theft. She added that once changes have been implemented the processing of foreign claims will be expedited, which will reduce the backlog significantly.

In response to a question from Mr. Houghton, Ms. Mayrack stressed that the State has to remain vigilant with every claim and claimant, especially high dollar claims and foreign claims. Mr. Houghton noted that large States such as Illinois, California, New York and Texas are currently enhancing their approval processes. Mr. Geisenberger added that fraud in other areas such as personal income tax has also become a major problem.

Using Toys "R" Us as an example, Rep. Johnson said he would like to know who gets the unclaimed property of a bankrupt company. Ms. Mayrack answered that in order to report unclaimed property such a company will need to have had a reporting obligation prior to the bankruptcy. She added that to the extent Delaware has unclaimed gift card property from Toys "R" Us or any other



retailer claimants could come forward and file their claims.

**Net Corporate Income Tax (CIT):** Mr. Roose recommended a decrease in the estimate by \$19.5 million.

Mr. Roose explained that the revenue category is volatile and that up to 70% of revenue has yet to come in for the fiscal year. He attributed the decrease in the gross estimate to the impact of the TCJA.

In addition Mr. Roose explained that Refunds are expected to rise by \$4.0 million because of additional large refunds that will be paid before the end of the fiscal year.

**Bank Franchise Tax:** Mr. Glen had indicated in the Revenue Subcommittee meeting that the estimate has been slightly reduced based on the March 1 final payments for tax year 2017.

Other changes were attributed to tracking.

**FY 2018 Estimate Adopted:**

A motion was made, seconded and approved to accept \$4,285.8 million as the revenue estimate for FY 2018. The estimate represents an increase of \$46.1 million from the December estimate.

**General Fund Revenues - Fiscal Year 2019:**

The Revenue Subcommittee recommended the following updates to December's estimates:

Revenue Category	Dec-17	Mar-18	Change
Personal Income Tax	1,690.4	1,738.1	47.7
Abandoned Property	500.0	525.0	25.0
Corporation Income Tax	140.0	126.0	(14.0)
Abandoned Property Refunds	(110.0)	(120.0)	(10.0)
Franchise Tax	835.8	844.8	9.0
Realty Transfer Tax	156.3	151.1	(5.2)
Cigarette Taxes	125.7	128.3	2.6
Public Utility Tax	38.0	36.0	(2.0)
Hospital Board and Treatment	40.0	38.0	(2.0)
Other Revenues	79.2	77.7	(1.5)
Corporate Fees	115.3	116.8	1.5
Alcoholic Beverage Tax	25.4	26.2	0.8
Bank Franchise Tax	93.6	93.7	0.1

For a complete listing of FY 2018 estimates, see Table 2.

### Discussion of FY 2019 Estimates:

**PIT Less Refunds:** The estimate has been increased by \$47.7 million.

Mr. Roose indicated that the FY 2019 base for Estimated payments has been increased by about \$15.0 million.

**Net Corporate Income Tax (CIT):** Mr. Roose recommended a decrease in the estimate by \$14.0 million, to reflect the impact of the TCJA.

Mr. Roose added that CIT Refunds are expected to return to their long term value of \$35 million in FY 2019.

Mr. Lewis reported that all other changes reflected legislation and/or the carrying forward of changes made in FY 2018 and maintaining previous growth rates.

### FY 2019 Estimate Adopted:

A motion was made, seconded and approved to accept \$4,368.4 million as the revenue estimate for FY 2019. The estimate represents an increase of \$52.0 million from the December estimate.

**Balance and Appropriations Worksheet:** Mr. Johnstone presented the Balance and Appropriations worksheet. The result of this exercise is attached as Table 3.



### **Transportation Trust Fund (TTF)**

**TTF -- Expenditures:** Mr. Motyl presented the Transportation Trust Fund's expenditure forecast.

**State Operations Expenditure:** There was no change from the December estimate of \$337.1 million.

**State Capital Expenditure:** There was no change from the December estimate of \$238.6 million.

**Federal Capital Expenditure:** There was no change from the December estimate of \$254 million.

**U.S. 301 Capital Expenditure:** There was no change from the December estimate of \$143.0 million.

Mr. Motyl indicated that all categories are on track to hit their estimates.

A motion was made, seconded, and approved to accept \$972.7 million as the FY 2018 TTF expenditure estimate. The estimate is the same as the December estimate (See Table 4.)

**TTF -- Revenues:** Mr. Motyl presented the Transportation Trust Fund's revenue forecast.

The following changes were made from the December estimates.

### **FY 2018 Estimates:**

**Toll Road Revenues:** Increased from \$200.3 million in December to \$206.3 million.

Mr. Motyl attributed the increase to very strong commercial traffic.

**Motor Fuel Tax Administration:** Increased from \$132.1 million in December to \$138.0 million.

Mr. Motyl attributed the increase to strong consumption of motor fuel. Year-to-date revenue is \$3.9 million ahead of last year.

**Division of Motor Vehicles:** There was no change from the December estimate of \$212.6 million.

**Other Transportation Revenues:** There was no change from the December estimate of \$15.6 million.

A motion was made, seconded, and approved to accept \$572.5 million as the FY 2018 TTF revenue estimate. The estimate represents an increase of \$11.9 million from the December estimate.

### **FY 2019 Estimates:**

The following changes were made from the December estimates.

**Toll Road Revenues:** Increased from \$202.9 million in December to \$208.9 million.

**Motor Fuel Tax Administration:** Increased from \$132.1 million in December to \$139.4 million.

**Division of Motor Vehicles:** There was no change from the December estimate of \$215.8 million.

**Other Transportation Revenues:** There was no change from the December estimate of \$15.6 million.

**U.S. 301 Revenues:** Collections for this new revenue category are estimated at \$7.9 million.

A motion was made, seconded, and approved to accept \$587.6 million as the FY 2019 TTF revenue estimate (See Table 5.)

### **Other Business:**

Mr. Houghton said he will inform DEFAC members in coming weeks as to whether there will be Revenue and Expenditure Subcommittee meetings at the April meeting.

Mr. Houghton announced the next scheduled DEFAC meeting dates:

- April 16, 2018
- May 21, 2018

There being no further business, Mr. Houghton adjourned the meeting at 2:26 p.m.

Respectfully submitted,

Arsene Aka

Table 1a.

DEFAC Expenditures Forecast for General Fund Disbursements FY2018 (\$ in millions)																
March 2018 (as of 02/28/18) DRAFT																

Recommended by Expenditures Subcommittee;  
March 19, 2018

Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements FY2018 (\$ in millions)													
March 2018 (as of 02/28/18) DRAFT													
	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Mar	Difference 18 vs. '17	% change 18 vs. '17	Annual Avg. Chg. FY13 to FY18	FY2018 YTD (actual 02/28/18)	% spent FY2018 YTD	% of forecast FY2018 total	% of FY2017 total
Salaries	1,285.6	1,306.8	1,338.5	1,361.8	1,402.9	1,436.0	33.1	2.4%	2.24%	964.6	34.5%	34.5%	34.2%
Fringe Benefits	379.0	396.0	403.0	453.7	480.5	490.0	9.5	2.0%	5.27%	323.8	11.6%	11.8%	11.7%
Health Care	261.7	279.1	283.1	334.1	359.0	365.0	6.0	1.7%	6.88%	240.0	8.6%	8.8%	8.7%
Other	117.3	116.9	119.9	119.6	121.5	125.0	3.5	2.9%	1.28%	83.8	3.0%	3.0%	3.0%
Pension	271.9	285.8	287.0	297.3	317.7	329.0	11.3	3.6%	3.89%	220.6	7.9%	7.9%	7.7%
Contribution	141.0	143.0	147.7	150.6	152.4	174.1	21.7	14.2%	4.31%	116.7	4.2%	4.2%	3.7%
Health Care	108.5	110.0	103.8	105.0	130.2	141.3	11.1	8.5%	5.43%	94.7	3.4%	3.4%	3.2%
Other	22.4	32.8	35.5	41.7	35.1	13.6	(21.5)	-61.3%	-9.51%	9.1	0.3%	0.3%	0.9%
Debt Service	144.8	158.0	163.9	169.4	179.0	187.2	8.2	4.6%	5.27%	139.0	5.0%	4.5%	4.4%
Grants	372.8	379.6	377.9	349.6	365.7	350.0	(15.7)	-4.3%	-1.25%	252.8	9.0%	8.4%	8.9%
Medical	637.0	661.8	668.0	689.1	739.7	760.0	20.3	2.7%	3.59%	493.5	17.7%	18.3%	18.0%
Contractual Services	484.0	517.3	511.9	513.6	537.6	537.0	(0.6)	-0.1%	2.10%	351.8	12.6%	12.9%	13.1%
Supplies & Materials	63.7	69.9	68.0	66.9	66.7	62.0	(6.7)	-9.8%	-0.54%	41.2	1.5%	1.5%	1.7%
Capital Outlay	19.6	18.8	14.4	12.3	14.3	12.0	(2.3)	-16.1%	-9.35%	8.0	0.3%	0.3%	0.3%
FY Budgetary Expenditures	3,658.5	3,794.0	3,832.6	3,913.7	4,106.1	4,163.2	57.1	1.4%	2.62%	2795.3	100.0%	100.0%	100.0%
Comments:													

Table 1c.

DEFAC Expenditures Forecast for General Fund Disbursements FY2018-2023 (\$ in millions)												
March 2018 (as of 02/28/18) DRAFT												
	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	
	Actual	Actual	Actual	Actual	Actual	Mar	Mar	Mar	Mar	Mar	Mar	
Salaries	1,285.6	1,306.8	1,338.5	1,361.8	1,402.9	1,436.0	1468.1	1501.0	1534.6	1568.9	1604.0	
Fringe Benefits	379.0	396.0	403.0	453.7	480.5	490.0	516.7	545.2	575.5	607.8	642.3	
Health Care	261.7	279.1	283.1	334.1	359.0	365.0	390.1	417.0	445.6	476.3	509.1	
Other	117.3	116.9	119.9	119.6	121.5	125.0	126.6	128.2	129.9	131.5	133.2	
Pension	271.9	285.8	287.0	297.3	317.7	329.0	342.9	357.6	373.2	389.8	407.3	
Contribution	141.0	143.0	147.7	150.6	153.7	174.1	181.6	189.4	197.6	206.1	215.0	
Health Care	108.5	110.0	103.8	105.0	131.3	141.3	149.0	157.1	165.6	174.6	184.0	
Other	22.4	32.8	35.5	41.7	32.7	13.6	12.3	11.1	10.1	9.1	8.2	
Debt Service	144.8	158.0	163.9	169.4	179.0	187.2	197.1	207.5	218.4	229.9	242.0	
Grants	372.8	379.6	377.9	349.6	365.7	350.0	345.6	341.3	337.0	332.8	328.6	
Medicaid	637.0	661.8	668.0	689.1	739.7	760.0	787.3	815.6	844.9	875.3	906.8	
Contractual Services	484.0	517.3	511.9	513.6	537.6	537.0	548.3	559.8	571.5	583.5	595.8	
Supplies & Materials	63.7	69.9	68.0	66.9	68.7	62.0	61.7	61.3	61.0	60.7	60.3	
Capital Outlay	19.6	18.8	14.4	12.3	14.3	12.0	10.9	9.9	8.9	8.1	7.3	
FY Budgetary Expenditures	3,658.5	3,794.0	3,832.6	3,913.7	4,106.1	4,163.2	4,278.5	4,399.1	4,525.1	4,656.8	4,794.4	
Comments:												
Forecast is based on the annual average growth rate for each category FY2013-FY2018(March Estimate).												



Table 2. DEFAC General Fund Revenue Worksheet

March-18 DEFAC Meeting		FY 2017	FY 2018				
	Revenue Category	A Actual Collections	B DEFAC Dec-17	C % B over A	D DEFAC Mar-18	E % D over A	F \$ Increase D over B
	Personal Income Tax	1,548.1	1,609.9	4.0%	1,645.2	6.3%	35.3
	Less: Refunds	(214.9)	(225.2)	4.8%	(236.0)	9.8%	(10.8)
	PIT Less Refunds	1,333.2	1,384.7	3.9%	1,409.2	5.7%	24.5
	Franchise Tax	714.5	830.9	16.3%	839.9	17.6%	9.0
	Limited Partnerships & LLC's	284.3	298.5	5.0%	298.5	5.0%	0.0
	Subtotal Franchise + LP/LLC	998.8	1,129.4	13.1%	1,138.4	14.0%	9.0
	Less: Refunds	(11.9)	(10.0)	-16.1%	(10.0)	-16.1%	0.0
	Net Franchise + LP/LLC	986.9	1,119.4	13.4%	1,128.4	14.3%	9.0
	Business Entity Fees	110.8	113.0	2.0%	114.5	3.3%	1.5
	Uniform Commercial Code	19.5	22.4	14.6%	22.4	14.6%	0.0
	Abandoned Property	554.0	554.0	0.0%	554.0	0.0%	0.0
	Less: Refunds	(104.8)	(85.0)	-18.9%	(50.0)	-52.3%	35.0
	Abandoned Prop Less Refunds	449.2	469.0	4.4%	504.0	12.2%	35.0
	Gross Receipts Tax	239.5	241.6	0.9%	241.6	0.9%	0.0
	Lottery	205.1	211.5	3.1%	211.5	3.1%	0.0
	Corporation Income Tax	157.4	146.4	-7.0%	130.9	-16.8%	(15.5)
	Less: Refunds	(36.6)	(70.0)	91.3%	(74.0)	102.2%	(4.0)
	CIT Less Refunds	120.8	76.4	-36.7%	56.9	-52.9%	(19.5)
	Realty Transfer Tax	96.4	142.0	47.3%	137.0	42.1%	(5.0)
	Cigarette Taxes	112.3	122.0	8.6%	126.0	12.2%	4.0
	Bank Franchise Tax	88.2	88.3	0.1%	87.7	-0.6%	(0.6)
	Insurance Taxes and Fees	70.7	66.3	-6.2%	66.3	-6.2%	0.0
	Hospital Board and Treatment	43.5	39.7	-8.6%	37.7	-13.2%	(2.0)
	Public Utility Tax	43.7	43.0	-1.6%	42.0	-3.9%	(1.0)
	Alcoholic Beverage Tax	20.6	23.0	11.8%	24.6	19.6%	1.6
	Dividends and Interest	3.9	10.7	175.4%	10.7	175.4%	0.0
	Other Revenues	90.9	84.8	-6.7%	83.4	-8.2%	(1.4)
	Less: Other Refunds	(21.9)	(18.1)	-17.4%	(18.1)	-17.4%	0.0
	Net Receipts	4,013.2	4,239.7	5.6%	4,285.8	6.8%	46.1

Table 2. DEFAC General Fund Revenue Worksheet

Revenue Category	March-18 DEFAC Meeting					FY 2019					FY 2020				
						G	H	I	J	K	L	M	N	O	P
						DEFAC Dec-17	% G over B	DEFAC Mar-18	% I over D	\$ Increase I over G	DEFAC Dec-17	% L over G	DEFAC Mar-18	% N over I	\$ Increase N over L
Personal Income Tax						1,690.4	5.0%	1,738.1	5.6%	47.7	1,775.0	5.0%	1,834.0	5.5%	59.0
Less: Refunds						(236.5)	5.0%	(236.5)	0.2%	0.0	(248.3)	5.0%	(248.3)	5.0%	0.0
PIT Less Refunds						1,453.9	5.0%	1,501.6	6.6%	47.7	1,526.7	5.0%	1,585.7	5.6%	59.0
Franchise Tax						835.8	0.6%	844.8	0.6%	9.0	838.9	0.4%	847.9	0.4%	9.0
Limited Partnerships & LLC's						313.5	5.0%	313.5	5.0%	0.0	329.1	5.0%	329.1	5.0%	0.0
Subtotal Franchise + LP/LLC						1,149.3	1.8%	1,158.3	1.7%	9.0	1,168.0	1.6%	1,177.0	1.6%	9.0
Less: Refunds						(10.0)	0.0%	(10.0)	0.0%	0.0	(10.0)	0.0%	(10.0)	0.0%	0.0
Net Franchise + LP/LLC						1,139.3	1.8%	1,148.3	1.8%	9.0	1,158.0	1.6%	1,167.0	1.6%	9.0
Business Entity Fees						115.3	2.0%	116.8	2.0%	1.5	117.6	2.0%	119.1	2.0%	1.5
Uniform Commercial Code						22.8	1.8%	22.8	1.8%	0.0	24.1	5.7%	24.1	5.7%	0.0
Abandoned Property						500.0	-9.7%	525.0	-5.2%	25.0	475.0	-5.0%	500.0	-4.8%	25.0
Less: Refunds						(110.0)	29.4%	(120.0)	140.0%	(10.0)	(105.0)	-4.5%	(105.0)	-12.5%	0.0
Abandoned Prop Less Refunds						390.0	-16.8%	405.0	-19.6%	15.0	370.0	-5.1%	395.0	-2.5%	25.0
Gross Receipts Tax						253.7	5.0%	253.7	5.0%	0.0	266.4	5.0%	266.4	5.0%	0.0
Lottery						210.8	-0.3%	210.8	-0.3%	0.0	211.0	0.1%	211.0	0.1%	0.0
Corporation Income Tax						140.0	-4.4%	126.0	-3.7%	(14.0)	140.0	0.0%	146.6	16.3%	6.6
Less: Refunds						(35.0)	-50.0%	(35.0)	-52.7%	0.0	(36.8)	5.1%	(36.8)	5.1%	0.0
CIT Less Refunds						105.0	37.4%	91.0	59.9%	(14.0)	103.3	-1.6%	109.8	20.7%	6.5
Realty Transfer Tax						156.3	10.1%	151.1	10.3%	(5.2)	163.4	4.5%	158.0	4.6%	(5.4)
Cigarette Taxes						125.7	3.0%	128.3	1.8%	2.6	123.2	-2.0%	125.7	-2.0%	2.5
Bank Franchise Tax						93.6	6.0%	93.7	6.8%	0.1	95.4	1.9%	95.5	1.9%	0.1
Insurance Taxes and Fees						74.1	11.8%	74.1	11.8%	0.0	70.0	-5.5%	70.0	-5.5%	0.0
Hospital Board and Treatment						40.0	0.8%	38.0	0.8%	(2.0)	40.4	1.0%	38.4	1.1%	(2.0)
Public Utility Tax						38.0	-11.6%	36.0	-14.3%	(2.0)	38.0	0.0%	35.1	-2.5%	(2.9)
Alcoholic Beverage Tax						25.4	10.2%	26.2	6.5%	0.8	25.9	NA	26.7	2.0%	0.9
Dividends and Interest						11.1	3.7%	11.1	3.7%	0.0	12.6	13.5%	12.6	13.5%	0.0
Other Revenues						79.2	-6.6%	77.7	-6.8%	(1.5)	81.1	2.4%	79.5	2.3%	(1.6)
Less: Other Refunds						(17.8)	-1.7%	(17.8)	-1.7%	0.0	(17.5)	-1.7%	(17.5)	-1.7%	0.0
Net Receipts						4,316.4	1.8%	4,368.4	1.9%	52.0	4,409.6	2.2%	4,502.1	3.1%	92.6

**Table 3. Balance and Appropriations Worksheet**

FY 2018 EXPENDITURES		FY 2018 BALANCES		FY 2019 APPROPRIATION LIMITS	
Total Spending Authority	\$4,322.8	Total Expenditures	\$4,163.2	FY 2019 Revenue Estimate	\$4,368.4
Less: Continuing Appropriations & Encumbrances from FY 2018	(\$144.6)	vs. FY 2018 Revenues	4,285.8	Unencumbered Cash Balance from FY 18	\$221.3
Less: Reversions	<u>(\$15.0)</u>	Operating Balance	122.6	100% Appropriation Limit	\$4,589.7
Total Expenditures	\$4,163.2	Prior Year Cash Balance	<u>\$474.9</u>	98% Appropriation Limit	<u>\$4,497.8</u>
		Cumulative Cash Balance	597.5	Prior 98% Appropriation Limit	\$4,396.8
		Less: Continuing Appropriations & Encumbrances from FY 2018	(144.6)	Increase (Decrease) from Prior Meeting	\$101.0
		Less: Budgetary Reserve Account	<u>(\$231.6)</u>	Sept. 2017 98% Appropriation Limit	\$4,373.5
		Unencumbered Cash Balance 6/30	<u>\$221.3</u>	Increase (Decrease) from September 2017	\$124.3

Table 4.

Delaware Department of Transportation FY 2018 Expenditures, Through FEBRUARY 28, 2018										67%
	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	SEPTEMBER FY2018 Forecast	DECEMBER FY2018 Forecast	MARCH FY2018 Forecast	\$ difference	\$ difference Forecast V. FY2017 Actual	FY2018 YTD Spend	% spent YTD
<u>Operations</u>										
Debt Service	101.4	94.0	94.5	94.5	91.6	91.6	0.0	(2.4)	91.6	100%
Personnel Costs	87.7	91.5	91.0	91.0	91.0	91.0	0.0	(0.5)	59.9	66%
Operations/Capital Outlay	60.5	56.4	64.7	64.7	64.7	64.7	0.0	8.3	44.6	69%
Transit Operations (DTC)	85.4	87.8	89.8	89.8	89.8	89.8	0.0	2.0	59.9	67%
Total Expenditures - Operations	335.0	329.7	340.0	340.0	337.1	337.1	0.0	7.4	256.0	76%
<u>State Capital</u>										
Road System	114.8	135.1	142.6	142.6	142.6	142.6	0.0	7.5	95.2	67%
Grants & Allocations	20.0	22.7	22.7	22.7	22.7	22.7	0.0	0.0	18.2	80%
Support Systems	48.4	37.8	44.8	44.8	44.8	44.8	0.0	7.0	25.8	58%
Transit	13.6	21.9	28.5	28.5	28.5	28.5	0.0	6.6	8.4	29%
State Capital	196.8	217.5	238.6	238.6	238.6	238.6	0.0	21.1	147.6	62%
<u>Federal Capital</u>										
Federal Capital	217.7	215.9	254.0	254.0	254.0	254.0	0.0	38.1	154.6	61%
Total Expenditures - Capital	414.5	433.4	492.6	492.6	492.6	492.6	0.0	59.2	302.2	61%
<b>TOTAL EXPENDITURES</b>	<b>749.5</b>	<b>763.1</b>	<b>832.6</b>	<b>832.6</b>	<b>829.7</b>	<b>829.7</b>	<b>0.0</b>	<b>66.6</b>	<b>558.2</b>	<b>67%</b>

  

	SEPTEMBER FY2018 Forecast	DECEMBER FY2018 Forecast	MARCH FY2018 Forecast	\$ difference	\$ difference Forecast V. FY2017 Actual	FY2018 YTD Spend	% spent YTD
DeDOT	832.6	829.7	829.7	\$ -	\$ -	\$ 558.2	67%
US301	156.7	143.0	143.0	\$ -	\$ -	\$ 94.3	66%
<b>TOTAL</b>	<b>989.3</b>	<b>972.7</b>	<b>972.7</b>	<b>\$ -</b>	<b>\$ 80.1</b>	<b>\$ 652.50</b>	<b>67%</b>

Table 5.

DELAWARE DEPARTMENT OF TRANSPORTATION Transportation Trust Fund Revenues									
	FY16	FY17	% Chg.	Fiscal 2018			Fiscal 2019		
				12/18/2017 Approved	3/19/2018 Recomm	% Chg. FY 17	12/18/2017 Approved	3/19/2018 Recomm	% Chg. FY 18
<b><u>TOLL ROAD REVENUES:</u></b>									
I95 Newark Plaza	\$129.9	\$133.7	2.9%	\$135.0	\$141.0	5.5%	\$136.4	\$142.4	1.0%
Route 1 Toll Road	59.8	61.3	2.5%	\$62.8	\$62.8	2.5%	\$64.0	\$64.0	1.9%
Concessions	2.6	2.5	-3.8%	\$2.5	\$2.5	0.0%	\$2.5	\$2.5	0.0%
<b>Total Toll Road Revenues</b>	<b>192.3</b>	<b>197.5</b>	<b>2.7%</b>	<b>\$200.3</b>	<b>\$206.3</b>	<b>4.5%</b>	<b>\$202.9</b>	<b>\$208.9</b>	<b>1.3%</b>
<b><u>MOTOR FUEL TAX ADMIN.</u></b>									
	126.5	132.1	4.4%	\$132.1	\$138.0	4.4%	\$132.1	\$139.4	1.0%
<b><u>DIVISION OF MOTOR VEHICLES</u></b>									
Motor Vehicle Document Fees	107.7	116.3	8.0%	\$117.5	\$117.5	1.0%	\$119.3	\$119.3	1.5%
Motor Vehicle Registration Fees	52.4	54.5	4.0%	\$55.0	\$55.0	1.0%	\$55.8	\$55.8	1.5%
Other DMV Revenues	38.0	40.2	5.8%	\$40.1	\$40.1	-0.3%	\$40.7	\$40.7	1.5%
<b>Total DMV Revenues</b>	<b>198.1</b>	<b>211.0</b>	<b>6.5%</b>	<b>\$212.6</b>	<b>\$212.6</b>	<b>0.8%</b>	<b>\$215.8</b>	<b>\$215.8</b>	<b>1.5%</b>
<b><u>OTHER TRANSPORTATION REV.</u></b>									
Other Transportation Rev	11.5	13.7	19.1%	\$12.6	\$12.6	-7.9%	\$12.6	\$12.6	0.0%
Investment Income(Net)	5.0	0.3	-94.0%	\$3.0	\$3.0	0.0%	\$3.0	\$3.0	0.0%
<b>Total Other Transp. Revenue</b>	<b>16.5</b>	<b>14.0</b>	<b>-15.2%</b>	<b>\$15.6</b>	<b>\$15.6</b>	<b>11.4%</b>	<b>\$15.6</b>	<b>\$15.6</b>	<b>0.0%</b>
<b>GRAND TOTAL</b>	<b>\$533.4</b>	<b>\$554.6</b>	<b>4.0%</b>	<b>\$560.6</b>	<b>\$572.5</b>	<b>3.2%</b>	<b>\$566.5</b>	<b>\$579.7</b>	<b>1.3%</b>
	FY16	FY17	% Chg.	Fiscal 2018			Fiscal 2019		
US301 Revenues	\$ -	\$ -		\$ -	\$ -		\$ -	\$ 7.9	
<b>TOTAL</b>	<b>\$ 533.4</b>	<b>\$ 554.6</b>	<b>4.0%</b>	<b>\$ 560.6</b>	<b>\$ 572.5</b>	<b>3.2%</b>	<b>\$ 566.5</b>	<b>\$ 587.6</b>	<b>2.6%</b>